

FISCAL MEMORANDUM

SB 1786 – HB 1423

April 20, 2007

SUMMARY OF AMENDMENT (006432): Deletes the language of the original bill. Establishes a foster child scholarship program to provide tuition assistance to children in foster care to attend a public school outside of such student's school district.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$49,000/Comptroller

Increase Local Govt. Expenditures - \$121,800*

Other Fiscal Impact – Shift in state BEP funding from one LEA to another LEA or from one LEA to a non-public school. For the LEA losing the foster child, the LEA's revenue would decrease; however this would be offset by a decrease in LEA expenditures. LEA revenues and expenditures would increase for the LEA gaining the foster child. The cost of funds shifted is estimated to be approximately \$2,502,100.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

State Expenditures – Net Impact - Not Significant

Other Fiscal Impact - Shift in state BEP funding from one LEA (resident school district) to another LEA (non-resident school district). For the LEA losing the foster child, the LEA's revenue would decrease; however this would be offset by a decrease in LEA expenditures. LEA revenues and expenditures would increase for the LEA gaining the foster child. The cost of funds shifted is estimated to be approximately \$2,502,100.

Assumptions applied to amendment:

- According to the Department of Children's Services there are an estimated 6,700 foster children in Tennessee public schools. For purposes of this estimate, 5% or 335 foster children would participate.
- The resident school district would pay as a scholarship to the non-resident school district 100% of the per pupil expenditure used to cover the cost of educating the child in the resident district.
- According to the Department of Education the average scholarship amount is estimated to be \$7,469 (average per pupil expenditure cost) but could vary from system to system.
- The expenditure for scholarships is estimated to be \$2,502,100 (335 students x \$7,469).
- Any increase or decrease in cost to the state to provide funding to cover the cost of a child's attendance in a non-resident district would be dependent upon the cost of the per pupil expenditure of the resident district versus the per pupil expenditure of the non-resident district. Since it is unknown which school districts would be affected and which foster children would participate, a precise increase or decrease in the cost cannot be determined at this time but the net impact is estimated to be not significant.
- Any cost to the Department of Education to create a standard school selection form is estimated to be not significant.
- Any cost to the Department of Education and the Department of Children's Services to promulgate rules is estimated to be not significant and can be handled within existing resources.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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